

REBUTTAL TESTIMONY
OF
SAMUEL S. MCCLERREN

ENGINEERING DEPARTMENT
TELECOMMUNICATIONS DIVISION
ILLINOIS COMMERCE COMMISSION

ILLINOIS BELL TELEPHONE COMPANY
FILING TO INCREASE UNBUNDLED LOOP AND NONRECURRING RATES

DOCKET NO. 02-0864

FEBRUARY 20, 2004

1 **Q. Please state your name and business address.**

2 A. My name is Samuel S. McClerren. My business address is 527 E. Capitol
3 Avenue, Springfield, Illinois 62701.

4

5 **Q. Did you previously provide direct testimony in this proceeding**
6 **labeled ICC Staff Exhibit 11.0?**

7 A. Yes.

8

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. I respond to the rebuttal testimonies of SBC Illinois' witnesses Dr. Kent A.
11 Currie¹ and Mr. Lance McNiel.² Both witnesses address my direct
12 testimony regarding the electronic flow through rate for non-recurring
13 service ordering charges.

14

15 **Q. Please summarize the electronic flow through issue.**

16 A. SBC Illinois' proposed non-recurring service ordering charges are inflated
17 due to an overly pessimistic calculation of electronic flow through rate for
18 service orders. Except for EELs, SBC Illinois' proposed non-recurring
19 service ordering charges are based simply on historical levels of service
20 order flow through, contrary to the FCC's definition of TELRIC.³

21 ...the forward-looking economic cost for interconnection and
22 unbundled elements would be based on the most efficient network

¹ SBC Illinois Ex. 5.1.

² SBC Illinois Ex. 11.1.

³ EELs are based on the projection of SBC Illinois Subject Matter Experts ("SMEs").

architecture, sizing, technology, and operating decisions that are operationally feasible and currently available to the industry.⁴

By continuing to base electronic flow through rates on the actual levels attained in July, August, and September, 2002, the Company understates the appropriate levels of flow through for TELRIC purposes, thereby overly inflating service ordering charges. The financial impact of SBC Illinois' utilizing low flow through service ordering charges is addressed in the testimony of Staff witness Mark A. Hanson, ICC Staff Exs. 6.0 and 26.0.

Q. What is your recommendation in this proceeding regarding electronic flow through rates?

A. I recommend that the Commission adopt the same flow through rates it found on October 16, 2001, in Docket 98-0396, when the Commission ordered a 98% flow through rate be used to determine non-recurring service order costs.⁵

Q. What does Dr. Currie say about your direct testimony in his rebuttal testimony?

⁴ In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Interconnection between Local Exchange Carriers and Commercial Mobile Radio Service Providers, CC Docket Nos. 96-98 and 95-185, FCC 96-325, 11 FCC Rcd 15499 (Rel. August 8, 1996), ¶ 683.

⁵ Docket 98-0396, Investigation into the compliance of Illinois Bell Telephone Company with the order in Docket 96-0486/0569 consolidated regarding the filing of tariffs and the accompanying cost studies for interconnection, unbundled network elements and local transport and termination and regarding end to end bundling issues.

42 A. Dr. Currie confirms that SBC Illinois relied on recent experience to
43 determine the fallout rates for the service order cost studies, stating that
44 the flow through rates for unbundled loops and UNE-P from PM 13.1
45 provide the best information to determine forward looking flow through
46 rates.⁶ Dr. Currie also reports SBC Illinois' flow through rates for PM 13.1
47 for unbundled loops and UNE-P for the period March 2001 through
48 November 2003, and concludes that SBC Illinois' proposed flow through
49 rates are very reasonable.⁷ Dr. Currie notes that the data from the period
50 March 2001 through November 2003 do not support my hypothesis that,
51 "[a]ll other things being equal, as systems mature, problems are identified
52 and corrected and system functionalities increase, thereby increasing flow
53 through percentages."⁸ Dr. Currie states that the flow through rate for
54 unbundled loops has shown little change, and perhaps a small decline, for
55 more than two years in spite of improvements made by SBC Illinois.⁹
56 Further, Dr. Currie observes that the flow through rate for UNE-P orders
57 has nearly returned to stable levels seen almost three years ago.¹⁰
58 Finally, Dr. Currie concludes that although there are forces that tend to
59 increase flow through percentages, recent experience provides no basis to
60 expect flow through rates to be significantly different than those contained
61 in his attachments.¹¹

⁶ SBC Illinois Ex. 5.1 (Currie), p. 28.

⁷ *Id.*, at 29.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

62

63 **Q. Do you agree with Dr. Currie that SBC Illinois' proposed flow through**
64 **rates are very reasonable?**

65 A. No, I believe Dr. Currie's proposed flow through rates of 86.96%, 79.18%,
66 and 47.5% do not represent the appropriate flow through rates to be used
67 in this proceeding. The Commission should use 98% as the appropriate
68 flow through rate for service ordering charges.

69

70 **Q. Why do you not believe that SBC Illinois' electronic flow through**
71 **rates should be based exclusively on SBC Illinois' flow through**
72 **experience on PM 13.1 for the period July, August, and September**
73 **2002?**

74 A. As an initial matter, I continue to believe that, all other things being equal
75 and as systems mature, problems are identified and corrected and system
76 functionalities increase, thereby increasing flow through percentages. I
77 don't believe it is appropriate to develop the electronic flow through rate in
78 this proceeding by only "looking through a rear-view mirror," particularly
79 when focusing exclusively on a 3 month period that occurred nearly 18
80 months ago. However, if historical performance should be a factor, I
81 submit that SBC Illinois' performance measure results for PM 13, UNE
82 loops and UNE-P, and PM 13.1, UNE loops and UNE-P for the last 12

83 available months¹² are the more pertinent. As demonstrated in attached
84 Schedules 30.01, 30.02, 30.03, and 30.04, a review of SBC Illinois'
85 performance relative to these measures produces one common
86 characteristic – a positive trend line, which indicates that SBC Illinois is
87 providing increasingly better electronic flow through service order
88 performance in all cases. SBC Illinois is to be commended, since it is
89 apparent that SBC Illinois' flow through enhancement efforts are working.

90
91 Further, if an appropriate consideration for flow through rates and their
92 impact on TELRIC pricing should be on historical performance, we should
93 not limit considerations regarding systems development and electronic
94 flow through to the period July, August, and September 2002, or even Dr.
95 Currie's rebuttal period of March 2001 through November 2003.¹³ In
96 Docket 96-0404, the original 271 proceeding for Ameritech Illinois, I
97 provided supplemental direct testimony in April 1997 regarding Operations
98 Support Systems ("OSS"). A review of my testimony indicates just how far
99 electronic flow through has progressed in a relatively short time, and helps
100 to demonstrate why SBC Illinois' weighted average from the months of
101 July, August, and September 2002 provide an overly pessimistic
102 assessment of SBC Illinois' flow through performance.

¹² At the time of this rebuttal testimony development, the most recent 12 months of wholesale performance data on CLEC Online, SBC Illinois' performance reporting system, is from January 2003 through December 2003.

¹³ SBC Illinois Ex. 5.1 (Currie), Schedules KAC-19R and KAC-20R.

104 Dr. Currie's rebuttal testimony, which includes a view of the period March
105 2001 through November 2003, also relies on the assumptions that PM
106 13.1 has not changed over this time, and that no known planned changes
107 will impact PM 13.1. Both of these assumptions are incorrect. A review of
108 the business rules and CLEC Online history indicates that PM 13.1 has
109 been modified in the period March 2001 through November 2003.
110 Further, it is clear that SBC Illinois continues to work on flow through
111 enhancement plans.

112
113 Finally, I disagree that PM 13.1 is preferable to results reported in PM 13.
114 I believe PM 13 reflects the electronic flow through performance one
115 expects from a mature, robust ordering system, because it measures flow
116 through rates for UNE loop and UNE-P service orders that are designed,
117 or eligible, to flow through.

118

119 **Q. Why did you perform the analysis contained in Schedules 30.01,**
120 **30.02, 30.03, and 30.04?**

121 A. I wanted to determine whether or not SBC Illinois' actual flow through rate
122 for the last 12 months was improving or not for UNE loops and UNE-P, as
123 reported by PM 13 and PM 13.1.

124

125 **Q. How did you perform the analysis contained in Schedules 30.01,**
126 **30.02, 30.03, and 30.04?**

127 A. I went to SBC Illinois' website "CLEC Online," which can be located at
128 <https://clec.sbc.com/clec/>. To gain access to SBC Illinois' actual
129 wholesale performance information on PMs 13 and 13.1, a password is
130 required. This site provided information regarding PMs 13 and 13.1 for
131 UNE loops and UNE-P over the last 12 months. I charted the information
132 on Microsoft's Excel spreadsheet program. Once charted, I utilized
133 Excel's "Add Trendline" function under the "Chart" tab to add a linear trend
134 line to the chart. The "Add Trendline" function fits a line to the data and
135 designates trends with a straight line. A trend line that goes up and to the
136 right over time indicates increasing performance, while a trend line that
137 goes down and to the right over time reflects deteriorating performance. A
138 horizontal trend line over time reflects no change in performance.

139

140 **Q. When you graphed PM 13.1, Total Order Process Percent Flow**
141 **Through, UNE Loops, what did the trend line indicate?**

142 A. As shown in Schedule 30.01, the trend line exhibited a positive slope,
143 which indicates that over the last 12 month period, SBC Illinois' flow
144 through performance on PM 13.1 for UNE Loops has been improving.

145

146 **Q. When you graphed PM 13.1, Total Order Process Percent Flow**
147 **Through, UNE-P, what did the trend line indicate?**

148 A. As shown in Schedule 30.02, the trend line exhibited a positive slope,
149 which indicates that over the last 12 month period, SBC Illinois' flow
150 through performance on PM 13.1 for UNE-P has been improving.
151

152 **Q. When you graphed PM 13, Order Process % Flow Through, UNE**
153 **Loops, what did the trend line indicate?**

154 A. As shown in Schedule 30.03, the trend line exhibited a positive slope,
155 which indicates that over the last 12 month period, SBC Illinois' flow
156 through performance on PM 13 for UNE Loops has been improving.
157

158 **Q. When you graphed PM 13, Order Process % Flow Through, UNE-P,**
159 **what did the trend line indicate?**

160 A. As shown in Schedule 30.04, the trend line exhibited a positive slope,
161 which indicates that over the last 12 month period, SBC Illinois' flow
162 through performance on PM 13 for UNE-P has been improving.
163

164 **Q. What do Schedules 30.01, 30.02, 30.03, and 30.04 indicate to you**
165 **about SBC Illinois' flow through performance?**

166 A. In all four cases, the trend line exhibited a positive slope, which is to say
167 that SBC Illinois' flow through performance is improving. These four
168 schedules provide evidence that SBC Illinois' flow through improvement
169 plans and efforts have been effective. SBC Illinois is to be commended
170 for upgrading its systems and communicating in good faith with CLECs to

171 improve order accuracy, thereby improving flow through performance for
172 both UNE loops and UNE-P.

173

174 **Q. Do these schedules support your position in direct testimony that, all**
175 **other things being equal and as systems mature, problems are**
176 **identified and corrected and system functionalities increase, thereby**
177 **increasing flow through percentages?**

178 A. Yes, they lend support to my overall position that, all other things being
179 equal and as systems mature, problems are identified and corrected and
180 system functionalities increase, thereby increasing flow through
181 percentages.

182

183 **Q. Earlier, you question why considerations regarding systems**
184 **development and electronic flow through should be limited to the**
185 **months July, August, and September 2002, or even the period March**
186 **2001 through November 2003. Why do you believe Dr. Currie's**
187 **assessment of SBC Illinois' flow through performance is overly**
188 **pessimistic?**

189 A. Dr. Currie's assessment does not recognize or acknowledge how much
190 flow through rates have already improved in a relatively short time period.
191 I reviewed previous testimony I provided in Docket 96-0404, the original
192 271 case for Ameritech Illinois. In my supplemental direct testimony,
193 dated April 1997, regarding Operations Support Systems ("OSS"), the

194 topic of flow through rates was an issue. Review of my testimony
195 indicates just how far electronic flow through has progressed in a relatively
196 short time, and helps to illuminate why Dr. Currie's overly pessimistic
197 assessment of SBC Illinois' flow through performance is inappropriate.

198

199 **Q. Why do you believe review of your April 1997 testimony indicates**
200 **just how far electronic flow through has progressed in a relatively**
201 **short time?**

202 A. The following quote from my supplemental direct testimony in Docket 96-
203 0404 identifies the level of flow through performance in 1997:

204 For the months of January, February and March 1997,
205 approximately one-half of the Electronic Data Interchange ("EDI")
206 orders received electronically were processed as planned. The
207 other half either required manual intervention or were rejected.

208
209 Further, due to the utilization of the Access Service Request
210 ("ASR") electronic interface, all orders for unbundled loops required
211 manual intervention. Manual intervention, which inherently
212 increases the time necessary to respond to customer orders, would
213 not be required with the EDI interface. In Docket 96-0486, I took
214 the position that EDI should ultimately be utilized for all unbundled
215 network elements.

216

217 Accordingly, during the months of January, February, and March 1997,
218 only half of the resale orders submitted via EDI were flowing through as
219 planned. By December 2003, 96% of resale orders flowed through
220 without manual intervention.¹⁴

221

¹⁴ While "resale" is not an unbundled product, this information is useful because it illustrates how another of the Company's systems flow through performance has increased.

More importantly, no orders for unbundled loops flowed through without manual intervention due to the ASR requirement. In this proceeding, we are debating whether 79% or 98% is the more appropriate flow through rate for unbundled loops, either of which represents a dramatic change in the level of flow through performance since 1997. Again, this tends to confirm my overall position that, all other things being equal and as systems mature, problems are identified and corrected and system functionalities increase, thereby increasing flow through percentages.

Q. Does using a different period than July, August, and September, 2002, or March 2001 through November 2003, support your conclusion regarding appropriate flow through rates for this proceeding?

A. Yes. If Dr. Currie would extend his charts back two or three more years, the analysis would not support his conclusion that the flow through rate for unbundled loops “has shown little change” or that the flow through rate for UNE-P orders has “nearly returned to stable levels.” Alternatively, as shown in Schedules 30.01, 30.02, 30.03, and 30.04, review of the flow through rate trends for the last 12 months would also lead to a conclusion that flow through rates are improving.

Q. Dr. Currie indicates that for the period March 2001, through November 2003, flow through rates have shown little change or been

stable, contrary to your overall position that, all other things being equal and as systems mature, problems are identified and corrected and system functionalities increase, thereby increasing flow through percentages. Have “all other things been equal” in the time period March 2001, through November 2003?

A. No. Review of the business rules for PMs 13 and 13.1 indicate that both measures have experienced revision to the levels of disaggregation SBC Illinois measures and reports.

For PM 13, Version 1.7 of the business rules has the following levels of disaggregation: UNE loops, Resale, UNE Combos, and Other. Version 1.9 of the business rules has the following levels of disaggregation: UNE loops, Resale, UNE-P, LNP, LSNP, and Line Sharing. Accordingly, PM 13 has added LNP, LSNP, and Line Sharing to the levels of disaggregation.

For PM 13.1, Version 1.7 of the business rules had the following levels of disaggregation: Resale, UNE loops, LNP, LSNP, and UNE-P. Version 1.9 of the business rules has the following levels of disaggregation: Resale, UNE loops, LNP, LSNP, UNE-P, and Line Sharing. Accordingly, PM 13.1 has added Line Sharing to the levels of disaggregation.¹⁵

¹⁵ According to CLEC Online's Web Site News, line share was added to PM 13.1 as of July 22, 2002, within Dr. Currie's rebuttal timeline of March 2001 through November 2003.

266 **Q. Why are additional levels of disaggregation significant regarding**
267 **flow through rates?**

268 A. My point is that the business rules of PMs 13 and 13.1 have not remained
269 the same over the time frame, which complicates the ability of SBC Illinois
270 to maintain a positive, upward trend in flow through rates. Changes to the
271 definition or unplanned maintenance of a PM business rule also keeps
272 systems development resources from working on the additional
273 improvements necessary to make all orders flow through eligible.

274

275 **Q. Why did you indicate earlier that it is clear that SBC Illinois continues**
276 **to work on flow through enhancement plans?**

277 A. Within Accessible Letter CLECALLS03-174, scheduled for March 13,
278 2004, SBC states, "SBC 13-State is planning further enhancements in the
279 following areas: Additional Flow-Through capabilities." This Accessible
280 Letter is included as Schedule 30.05. There are many other recent
281 Accessible Letters on CLEC Online that address flow through, as
282 evidenced by the fact that a text search for the word "flow" for the years
283 2003 and 2004 resulted in 79 hits.

284

285 Flow through discussions between CLECs and SBC are also documented
286 in a 13 state change management process. Proposed and approved
287 changes are documented in a report titled, "13-State SBC CLEC Change
288 Request (CCR) Monthly Summary, OSS Electronic Interface and

Associated Business Rules/Processes.” The most recent report on CLEC Online, dated January 2004, summarizes recent entries from the change management process that address flow through within the change request. Schedule 30.06 lists CLEC-proposed changes that have either been approved or are pending approval in January 2004.

Q. What do Dr. Currie and Mr. McNiel indicate about your direct testimony in their rebuttal testimony?

A. They disagree with my position that PM 13 is the more appropriate measure to use. Mr. McNiel contends that PM 13.1 provides a real world flow through estimate recognizing that SBC processes complex and low volume services that are impractical to program electronically, now and in the future.¹⁶

Q. How do you respond to Mr. McNiel’s observation that complex and low volume services are impractical to program electronically?¹⁷

A. Telecommunications is an evolving industry, and efforts necessary to support an evolving competitive industry include practical, short run trade-offs in system development. I do not expect SBC Illinois to focus its system development efforts on low volume transactions until higher priority system development efforts are completed. However, it is within SBC Illinois’ discretion to determine where and when to utilize its system

¹⁶ SBC Illinois Ex. 11.1 (McNiel), pp. 5-6.

¹⁷ *Id.*

311 development resources. If SBC Illinois' continues with its stated electronic
312 flow through enhancement plans, I believe the flow through rates attained
313 in PM 13 will be realized for PM 13.1.

314

315 **Q. Is there any other mitigating factor in your position regarding Mr.**
316 **McNiel's concern about low volume transactions?**

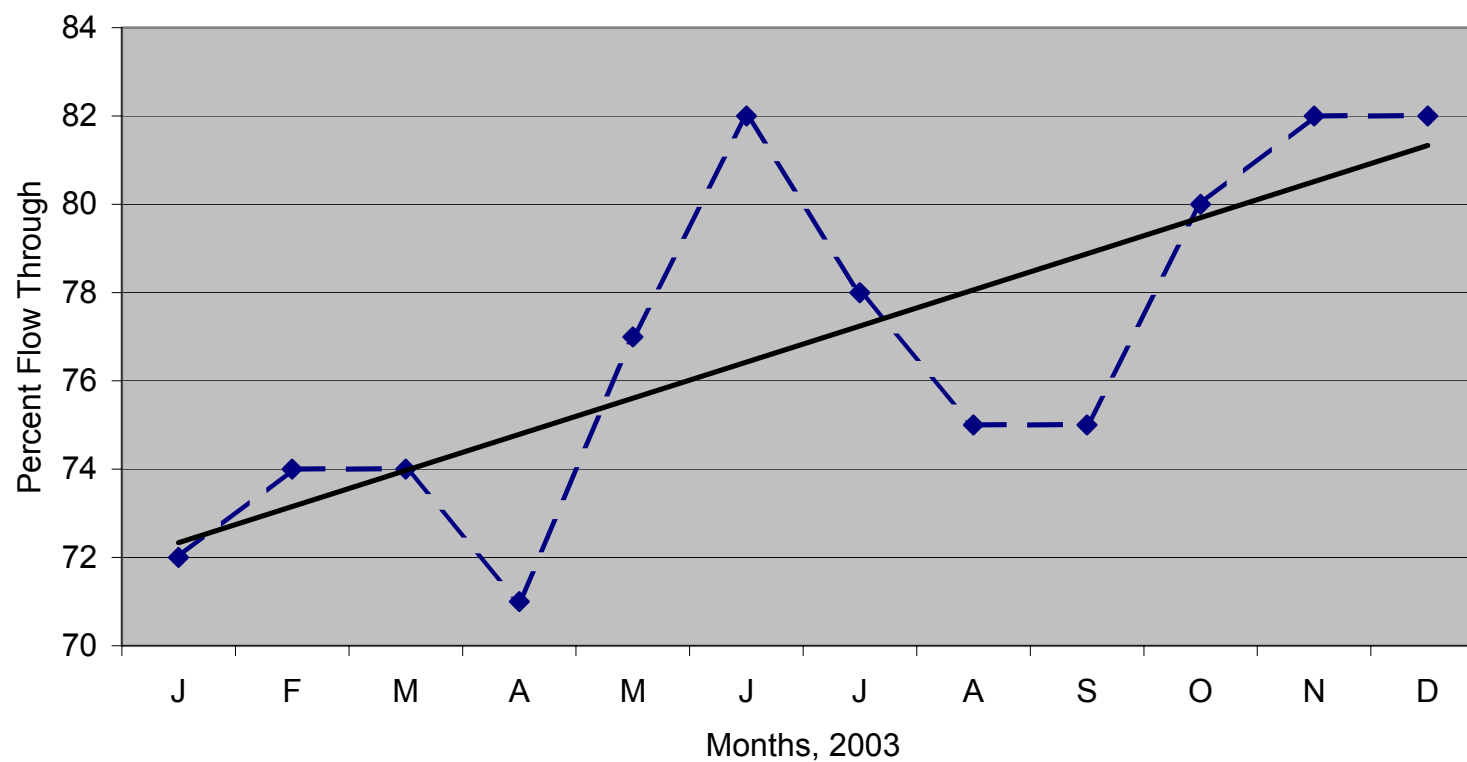
317 A. Yes. It should be noted that I am not advocating a 100% electronic flow
318 through rate. The 98% flow through rate I am supporting allows a 2%
319 margin for low volume transactions.

320

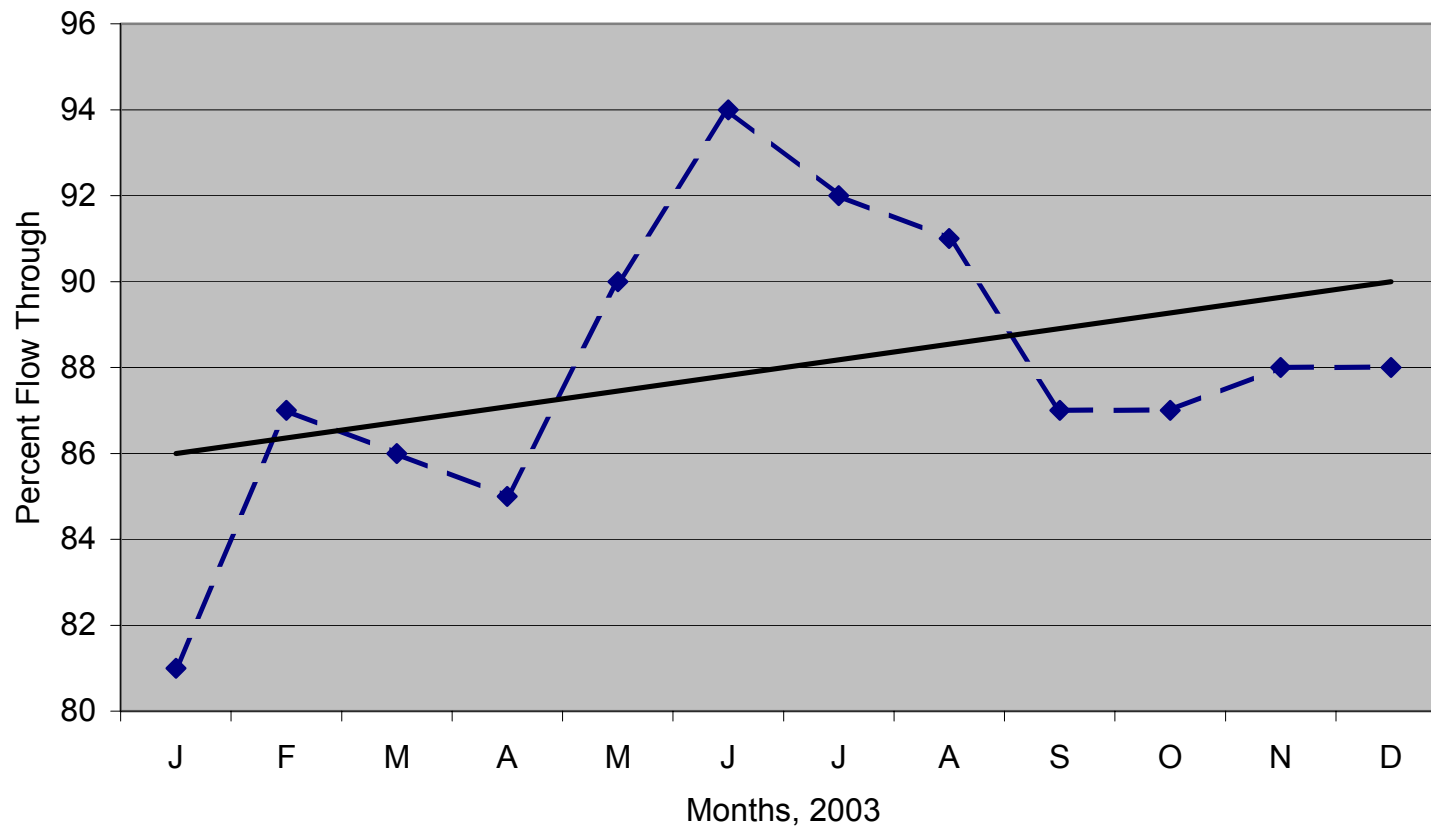
321 **Q. Does this question end your testimony?**

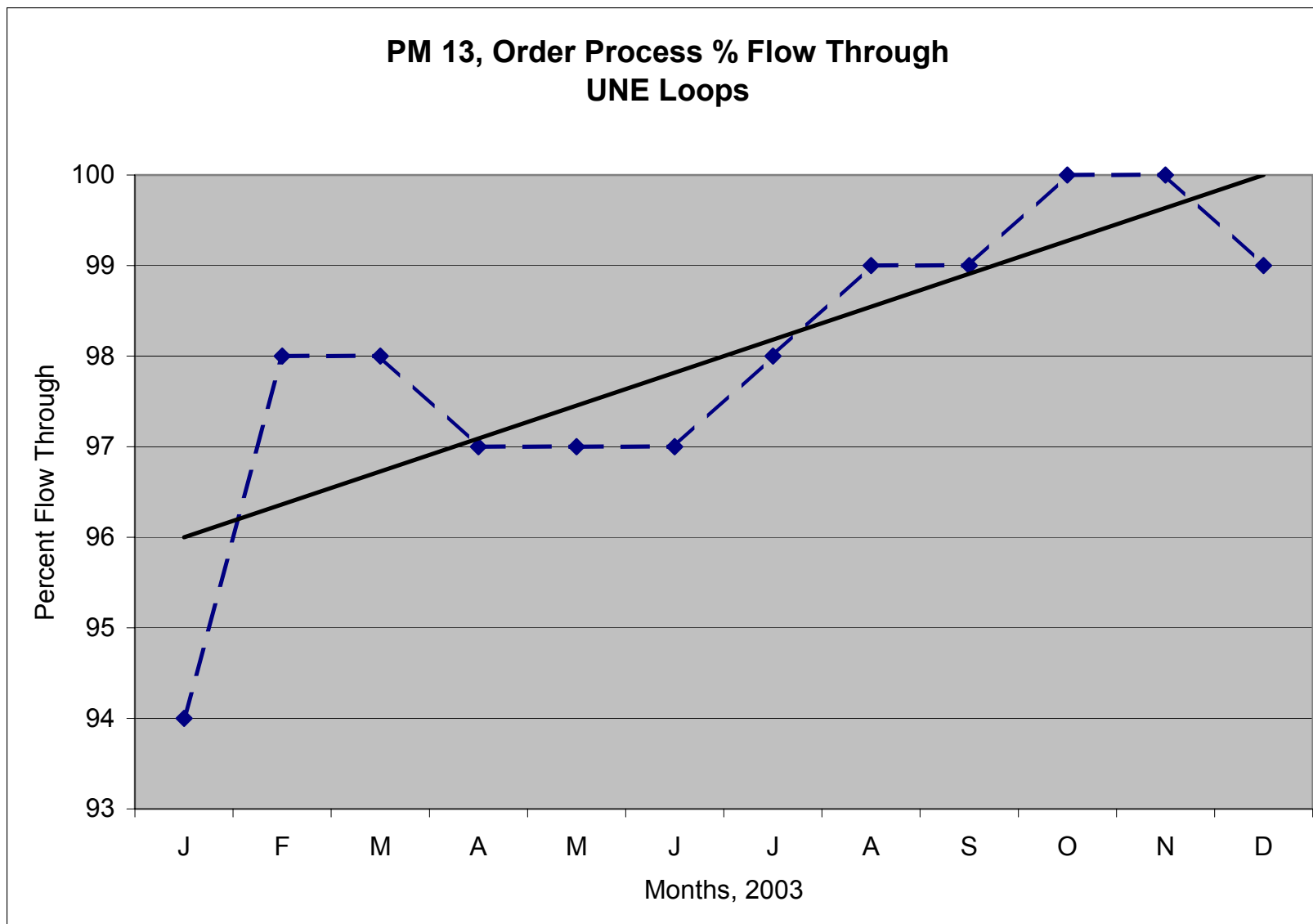
322 A. Yes, it does.

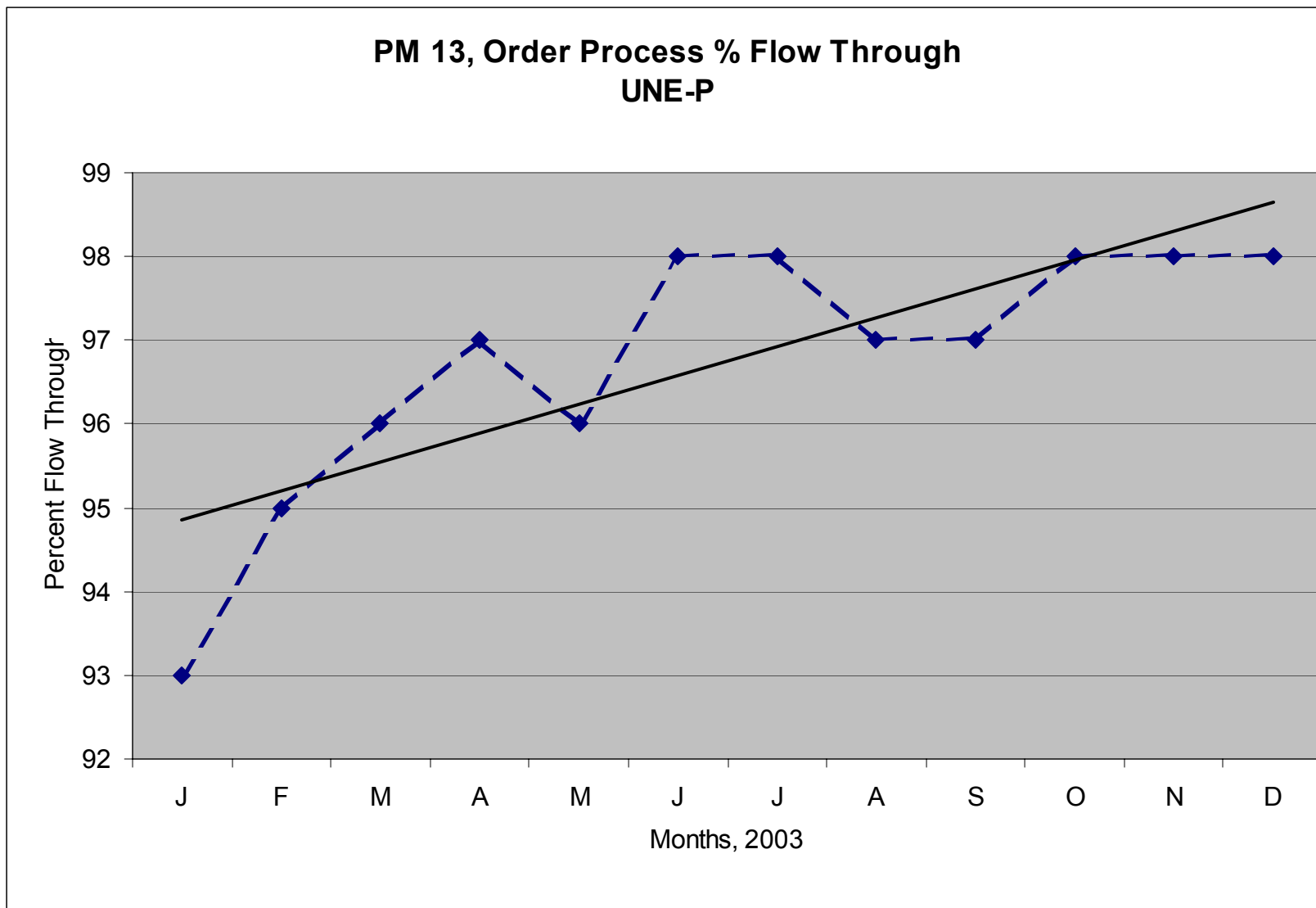
**PM 13.1, Total Order Process Percent Flow Through
UNE Loops**



PM 13.1, Total Order Process Percent Flow Through UNE-P









Accessible

Date: October 3, 2003

Number: CLECALLS03-174

Effective Date: March 13, 2004

Category: OSS

Subject: Initial Requirements for EDI/CORBA Pre-Ordering, EDI/LSR Ordering LSPOR/LSOR Version 06.03 Scheduled for March 13, 2004, and Updates to LSOR Versions 05.03 and 06.02

Related Letters: CLECALLS03-168

Attachment: Yes

States Impacted: All States

Issuing SBC ILECS: SBC Illinois, SBC Indiana, SBC Ohio, SBC Michigan, SBC Wisconsin, SBC California, SBC Nevada, SBC Arkansas, SBC Kansas, SBC Missouri, SBC Oklahoma, SBC Texas and The Southern New England Telephone Company (collectively referred to for purposes of this Accessible Letter as "SBC 13-State")

Response Deadline: October 27, 2003

Contact: Change Management email box at sbccmp@camail.sbc.com

Conference Call/Meeting: Conference Call Walk-Through

Date/Time: Wednesday, October 22, 2003
11:00 AM CDT

Bridge: 1-800-215-4958
passcode 444888#

RSVP to: NA

By: NA

This Accessible Letter is to advise you of the Initial Requirements for the Electronic Data Interchange (EDI)/Common Object Request Broker/Architecture (CORBA) Local Pre-Ordering and Ordering releases scheduled for March 13, 2004. This release will implement the Local Service Pre-Order Requirements (LSPOR) and Local Service Order Requirements (LSOR) Version 06.03 in SBC 13-State. In addition, LSOR Versions 05.03 and 06.02 will be updated.

SBC 13-State is planning further enhancements in the following areas:

- Additional Flow-Through capabilities
- Additional edits/modifications of edits
- Additional LSPOR and LSOR updates.

The LSPOR updates include:

- The **4.2.41 Working Telephone Number** (WTN) field for all versions will include an additional note regarding SBC 13-State owned switches.

The LSOR updates include:



Accessible

- The **Local Service Provider Authorization** (LSPAUTH) field will be activated in all versions. Refer to this letter's attachment for all ordering business rules for the LSPAUTH field.
- The addition of the **LSR NO - Local Service Request Number** field to the Service Order Completion (SOC) and the Post to Bill Notification (PTB) for Version 06.03.

NOTE: When moving to a new version of the Gateway interface for ordering and/or pre-ordering, CLECs should work with their OSS Managers to identify any TPID or IP changes that may be required.

CLEC testing for this release will occur between February 5, 2004 and March 5, 2004. In addition, version 06.01 will be retired with the implementation of this release.

With the implementation of LSPOR and LSOR version 06.03, the following milestones will occur:

RELEASE 06.01 MILESTONES	
Release Date	3-13-04
Test Window	2-5-04 through 3-5-04
No Testing Allowed	3-6-04 through 3-13-04
Production Versions With Release	05.03 06.02 06.03
LSPOR/LSOR Versions Retiring With Release	06.01
LSPOR/LSOR Publication Date	February 27, 2004

Following the Change Management Process, CLEC responses to these Initial Requirements are due to the Change Management mailbox listed above by October 27, 2003. A walk-through will be held on October 22, 2003. Logistics are above.

Attachments

13-State SBC CLEC Change Request (CCR) Monthly Summary

OSS Electronic Interface and Associated Business

Rules/Processes

Dated January 2004

CCR Number	Project Need Description (Impacts SBC Illinois or 13-state)
CCR 02-063 CR030377	ASI is currently receiving some non Telcordia standard formats or incorrect ECCKTs (typo error) on FOC responses.
CCR 03-025 CR030478	In MI there is a single order process to disconnect DSL service on a customer line and reestablish the customer as a UNE-P customer. This process requires the CLEC to submit a single LSR by FAX to accomplish the transaction.
CCR03-066	With 13-State POR, VarTec/Excel at this time would like to see that partial migrations for California and Nevada use an ERL Value of Y where the directory listing is to remain the same for the phone number(s) being migrated.
CCR03-123	Birch would like to request that an additional Type of Service be created to address accounts with both Chartered and Non-Chartered lines. This would eliminate the need for the current 3 LSR process, required when converting a customer with both Chartered, and Non-Chartered lines, that hunt together.